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October 28, 2014

Mr. Alfred M. Pollard, General Counsel
Federal Housing Finance Agency
400 Seventh Street, SW., Eighth Floor,
Washington, DC 20024

Attention: Comments/RIN 2590-AA65

RE: RIN 2590-AA65 2015-2017 Enterprise Housing Goals

General Counsel Pollard:

Thank you for the opportunity to comment on the 2015-2017 Enterprise Housing Goals.

Empire Justice Center is a not-for-profit public interest law firm focusing on civil legal services for low income individuals. In addition to litigation and policy analysis, we support legal services programs across New York State with training and support, and act as an informational clearinghouse. We focus on a number of issues affecting low income individuals and families: health and Medicaid, public benefits, Supplemental Security Income and Social Security Disability benefits, consumer and foreclosure prevention, and public and subsidized housing. In addition, we are also a member of the National Community Reinvestment Coalition (NCRC).

As the demographics of the United States continue to shift toward lower income households and a more racially and ethnically diverse population, eliminating barriers to homeownership, stimulating mortgage choice, and generating opportunities in the conventional mortgage market are critical issues for these communities, the housing industry and the well-being of the nation's economy overall.

While our organization commends the Federal Housing Finance Agency (FHFA) for recognizing that the Enterprises must lead the market in purchase and refinance opportunities for these consumers, the proposed 2015-2017 Housing Goals fail to take the right steps to ensure that

Fannie Mae and Freddie Mac will do their part to eliminate access barriers and liquidity challenges for loans made to our communities. The FHFA, through its policies and rulemakings, simply cannot continue to ignore the fact that, in the future, low and moderate income borrowers and people of color will no longer be a niche market, but likely the mortgage industry's core consumers. Therefore, we urge the FHFA to address the concerns raised in the National Community Reinvestment Coalition's comment letter and adopt NCRC's recommendations in the final rule.

Specifically, NCRC's comment letter identifies concerns and offers recommendations regarding the following areas:

(1) The legal validity of FHFA's three alternately proposed evaluation methods,

(2) the Agency's estimated size of the low and moderate income (LMI) mortgage market and market for communities of color,

(3) the absence of demographic considerations in the financial model used to calculate FHFA's market projections for LMI and communities of color, and

(4) the Agency's conclusion that the included data in the existing financial model supports the conclusion that the LMI borrowers and borrowers choosing to live in communities of color will significantly decline over the next three years.

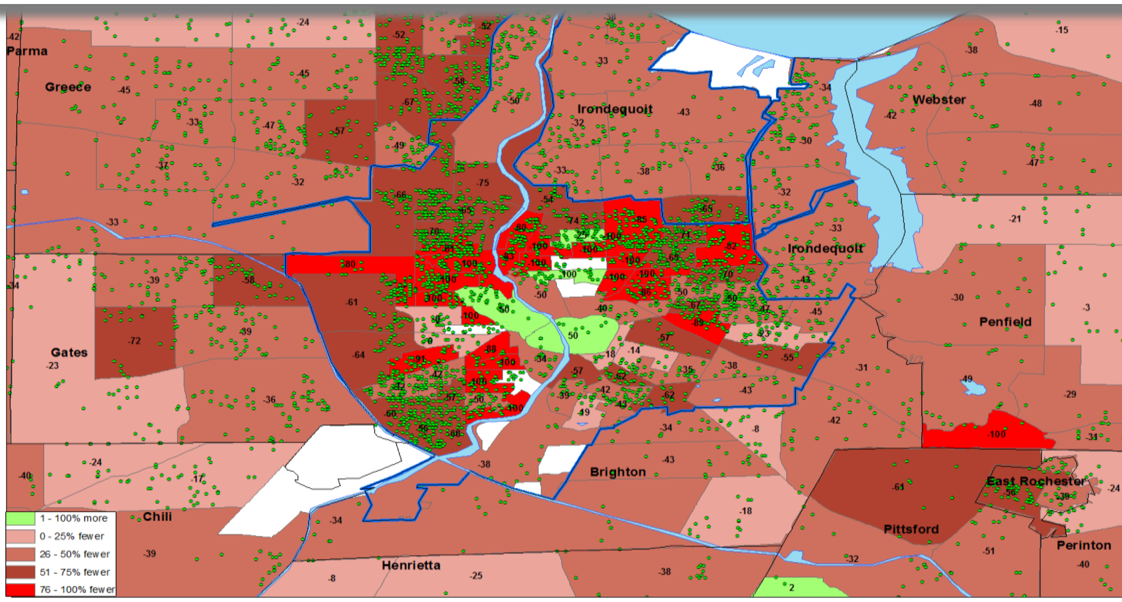
We believe that the final 2015-2017 Enterprises Housing Goals rule can only be strengthened by addressing NCRC's concerns and adopting the coalition's recommendations.

Over the past 10 years, the affordable housing goals have helped 1,088,987 households in New York become homeowners or benefit from affordable rental housing. As a result, families were able to realize real economic gains from their housing options and build savings. We firmly believe that the affordable housing goals are far too important to preserving and building the wealth of working class people to allow regulatory policies to marginalize or minimize their effect.

Unfortunately, the recession and the uneven recovery have meant that low and moderate income households and communities of color are still finding it difficult to access credit. As Empire Justice Center is slated to release a Foreclosure report in late 2014, part of the report examines the declines in lending, especially in communities of color. The map below depicts the City of Rochester and the dramatic decrease in lending in communities of color.

DECREASES IN HOME PURCHASE LOANS

Overlaying the addresses of foreclosures from 2009 to 2012 (green dots) with the percentage decreases in Home Purchase lending from 2006 to 2012 (by census tract), reveals the disinvestment cycle that has been created:



The tracts in RED have seen over a 75% drop in home purchase loans, while the next darkest color has seen drops from 50% to 75%. *(City areas showing increased lending generally have relatively few residential units, although there has been residential growth in the downtown area.*

As shown on the map, between 2006 and 2012, twenty-five of the City of Rochester's 83 census tracts saw declines in home purchase lending of 75% or more, and another 25 census tracts saw declines between 50% and 75%. These tracts correlate closely with concentrations of foreclosures during that period, and include the overwhelming majority of the city's African American and Latino homeowners. If financing is not made more readily available for credit worthy borrowers to purchase homes, these neighborhoods will lose the stability created by having a sizeable homeowner population. Correspondingly, the number of vacant houses will increase. Rust belt cities such as Rochester, with declining population growth, will also have to deal with blight and abandonment of certain neighborhoods. Owning a home in Rochester can be cheaper than renting, yet families who will have limited access to credit will be forced to rent and face ever increasing housing cost burdens.

One-to-Four Unit Rental Housing

There is an urgent need for affordable rental housing. Half of all current renters are "cost-burdened," meaning they pay more than 30 percent of their gross income for rent, and more than a quarter spend over 50 percent of their income on rent.[1] One-to-four unit homes, which supply more than half of all occupied rental units, are a critical segment of the rental housing market.[2] Single family rental units provide affordable housing for lower income households, supplying three-quarters of unsubsidized rental units with rents below $400 a month, and nearly 60 percent of unsubsidized units with rents between $400 and $599.[3] Accordingly, we support affordable housing goals for one-to-four unit rentals and encourage FHFA to track owner-occupied and investor-owned properties separately.

Two to Four Unit Owner Occupied Housing

Owner-occupied two-to-four unit housing is an important segment of the housing market and one where there is a need for increased access to credit for qualified buyers. When well underwritten, and combined with quality housing counseling, owner-occupied two-to-four unit properties are an important opportunity for affordable homeownership for lower income borrowers, with rental income supporting mortgage payments and building maintenance. Accordingly, we support a bonus credit valued at 1.25 for two-to-four unit buildings that are owner-occupied, and where the owner has completed housing counseling with a HUD-approved housing counseling agency, which includes landlord counseling for owner-occupants of two-to-four unit buildings.

We would like to thank FHFA for this opportunity to share our views on the proposed rule. If you have any questions or would like additional information regarding this comment, please do not hesitate to contact me at 585-295-5808.

Sincerely,

Ruhi Maker

Ruhi Maker
Senior Attorney

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[1] Harvard Joint Center on Housing Studies, “America’s Rental Housing” (2013)
[2] Harvard Joint Center on Housing Studies, “America’s Rental Housing: Rental Housing Supply,” (2013).
[3] Harvard Joint Center on Housing Studies, “America’s Rental Housing: Rental Housing Stock,” (2011).